

TODILTO

EXPLORATION AND DEVELOPMENT CORPORATION

G. WARNOCK
PRESIDENT

H.B. (CHICK) WARNOCK
SENIOR VICE PRESIDENT

V. MONDRAGON
VICE PRESIDENT/CONTROLLER

April 11, 1985

Mr. Brown VanDever
P.O. Box 262
Prewitt, NM 87045

RE: BIA Lease SW $\frac{1}{4}$ Section 18

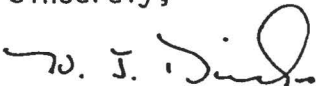
Dear Brown:

Todilto Exploration and Development Corporation has decided to abandon the uranium lease which you hold in the Haystack area. After discussions with BIA and BLM, we have completed the following reclamation work:

- 1) all pre-existing roads in regular use were left as is,
- 2) all pre-existing and Todilto constructed roads, not in use but which have naturally revegetated, were left as is,
- 3) all roads constructed by Todilto which have not revegetated were seeded,
- 4) entry to roads on the North side of Haystack were blocked with boulders,
- 5) two U.S. Federal mine adit entrances, the old Federal Mine shaft and decline entrances, were back filled.

If the completed reclamation and road blockage meets with your approval, please sign.

Sincerely,



N.J. Dircks
Exploration Manager

NJD:bm

Brown VanDever
Brown VanDever

Esther Wood
Witness

STATEMENT OF ROYALTIES

URANIUM LEASE NO. N00-C-14-20-8396

1. Annual Rental

- as per Clause VI of Agreement at \$5.00/acre = \$ 816.90

<u>Year</u>	<u>Rental</u>	<u>Date Paid</u>
1980-81	\$ 816.90	4/10/81
1981-82	"	4/19/82
1982-83	"	3/22/83
1983-84	"*	6/08/84

2. Minimum Royalty

- as per Clause V of Agreement at \$20.00/acre = 3,267.60

<u>Year</u>	<u>Royalty</u>	<u>Date Paid</u>
1980-81	\$3,267.60	4/10/81
1981-82	"	4/19/82
1982-83	"	3/22/83
1983-84	334.64*	6/08/84

3. Production Royalty

- as per Clause IV and Exhibit A of the Agreement

<u>Year</u>	<u>Royalty</u>	<u>Date Paid</u>
1980-81	\$2,208.04	3/26/81
1981-82	2,932.36	5/22/81
1982-83	No Production	
1983-84	No Production	

* See attached letter.

This was our attempt to resolve payment and royalty matter. No answer ever received from BIA or USGS.

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June 7, 1984

Mr. Thomas Lynch
Real Property Management
Bureau of Indian Affairs
Navajo Area Office
Windowrock, Arizona 86515

Re: BIA Lease #N00-C-14-20-8396
SW 1/4 Section 18, T13N, R10W, NMPM

Dear Mr. Lynch:

In reviewing payments and work commitments on the above referenced lease I arrive at the following summary:

Contract Clause	Item	Details	1980-81	1981-82	1982-83	1983-84
IV	Production Royalty	Variable	\$2,208.04 3/26/81	\$2,932.36 5/22/81	no Production	no Production
V	Minimum Royalty	163.38 acres @ \$20/acre = \$3,267.00	\$1,059.56 4/10/81	\$3,267.60 4/19/82	\$3,267.60 3/22/83	
VI	Annual Rental	@ \$5/acre = \$816.90	\$ 816.90 4/10/81	\$ 816.90 4/19/82	\$ 816.90 3/22/83	
XIV	Development	@ \$15/acre = \$2,450.70	\$132,975.58 1/28/82	\$2,496.68 1/6/83	\$4,169.98 3/23/84	\$3,092.75 4/3/84

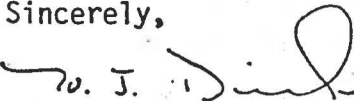
It appears we are in compliance with all obligations except that MINIMUM ROYALTY, (\$3,267.60) and ANNUAL RENTAL (\$816.90) which were due on March 24, 1984 have not been paid. The purpose for this is to rectify that situation. The review also uncovered an item which affects the amount of this year's payment. It appears an overpayment was made on ROYALTIES in 1981-82. A production royalty of \$2,932.36 was made on 5/22/81 which was not credited toward the minimum royalty of \$3,267.60 which was paid in full on 4/19/82. I believe the final royalty payment for 1981-82 therefore should have been \$334.64 (\$3,267.60 - \$2,932.36)

A 10% penalty for late payment in the amount of \$408.45 was also assessed and paid for that year. It appears a portion of that penalty was assessed on royalties not actually due.

Please review the entire situation so we can mutually settle the matter. I would also appreciate your help in resolving this with USGS. Their computer turns out monthly statements which are incomprehensible to me and seem not to have the benefit of the transactions that take place between Todilto and B.I.A.

My suggestion for bringing us into compliance with the agreement is to pay the ANNUAL RENTAL (\$816.90) and the MINIMUM ROYALTY (\$3,267.60) less the 1981-82 overpayment (\$2,932.36) = \$334.64 for a total of \$1,151.54. Check #16486 in that amount is enclosed. The 10% penalty for late payment (\$408.45) then remains as an unresolved issue awaiting your review.

Sincerely,



N.J. Dircks
Manager of Exploration

NJD:djw
enclosure
cc: Joanne Zanjina
MMS (RMP) Solid Minerals Unit
P.O. Box 5760
Denver, Colorado 80217

TODILTO EXPLORATION &
DEVELOPMENT CORPORATION
3310 ACADEMY PARKWAY SOUTH N. E. 345-8391
ALBUQUERQUE, NEW MEXICO 87109

NO 16486



95-267/1070

PAY One Thousand One Hundred Fifty-one Dollars and 54/100-----

DATE

AMOUNT

THE
ORDER
OF

Bureau of Indian Affairs
Navajo Area Office
Windowrock, Arizona 86515

6/8/84

\$ 1,151.54

NOT NEGOTIABLE

⑈016486⑈ ⑆10700757⑈ ⑆0001751⑈

VPR Rocky Mountain Bank Note

P A Y E E : DETACH THIS STATEMENT BEFORE DEPOSITING

TODILTO EXPLORATION & DEVELOPMENT
CORPORATION, ALBUQUERQUE, NEW MEXICO

DATE	ACCOUNT OR INVOICE NO.	DESCRIPTION	AMOUNT	DISCOUNT OR DEDUCTION	NET AMOUNT
6/8/84		Annual Rental @ \$5.00/acre - \$816.90 Minimum Royalty @ \$20/acre - \$3,267.60 Less 1981-82 overpayment of \$2932.36 = Total:	\$816.90 \$334.64 \$1,151.64		

EMPLOYEE'S
NAME

TODILTO EXPLORATION & DEVELOPMENT
CORPORATION, ALBUQUERQUE, NEW MEXICO

PAY PERIOD ENDING	HOURS	RATE	GROSS EARNINGS	F.I.C.A.	FED. WITH. TAX	STATE WITH TAX	INS.	TOTAL DEDUCTS.	NET EARNINGS PAID
	REG. T. O.T.								

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.